

STUART CARLYON

Financial advisers for your lifetime goals

The Jacinda Effect

New Zealand's business and investment sectors are exhibiting their usual worries with the change of Government compounding the usual Christmas decision-making hiatus whereby businesses and Government agencies pause to wait and see what the new year brings. This nervousness feeds on itself.

Immediately after the coalition was formed, our dollar fell, and the share market turned jittery: not helped by Xero's shift to the Australian Stock Exchange. It was a signal that suggested that the NZ investor pool is too small to sustain a company that desires global expansion.

Meanwhile retailers on both sides of the Tasman are hunkering down for a tough year ahead following the launch of the on-line retail giant, Amazon, into the Australian market. For the pundits, most eyes are on the new Government.

Running NZ's economy these days must be like being a taxi driver while everyone switches to Uber. Is the new Government up to it? Will they be stable? Is Jacinda too young?



For those that wring their hands nervously over our new PM's relative youthfulness one should recall that Alexander the Great created one of the largest empires known to history, extending from Greece, Northern Africa and spanning all the way to India. He was aged 30 when he achieved this.

New Zealand has a history that errs on the side of stability. The Reserve Bank has been operating with remarkable autonomy for years, regardless of which party is in power. New Zealand continues to attract new migrants who drive economic growth, and, in any case, our various governments are uniformly centrist. Bill English was promoted, quite fairly, as a fiduciary master, but it was under Labour's Michael Cullen when New Zealand slashed its foreign debt.

And if we worry about the effect of a changing tax regime we need to remember the golden days of stable economic growth were in the 1960s when tax rates were far higher than they are today.

So, what goes into the creation of a strong economy? Jacinda is one element. Leadership doesn't just come from the Beehive. It comes from the companies and individuals that make up the business sector. Pursuing innovation, and working smarter and efficiently, contributes to a more productive economy. No matter what they promised at election time, the Government cannot fix everything; they can, however, provide a more conducive environment where policy and regulations are fair and taxation regimes are workable to benefit all.

When predictions go off the rails.

While we're on the theme of naysayers and jittery commentators we thought it timely to consider some of the many predictions that badly veered off the rails. These things ought to keep the financial sector humble. And ought to remind pundits that nobody is above getting things wrong.

Golden Years Irving Fisher, one of America's leading economists, said early in October 1929 that he believed equities had reached a 'permanently high plateau.' His timing was impeccable. Two weeks later, shares plunged and didn't reach the highs they fell from for 25 years.

Sell! Sell! Professor Ravi Batra wrote a book called *The Great Depression of 1990*, predicting global turmoil. It was a New York Times number one bestseller in 1987. As an economist, author and university professor in Dallas, Ravi Batra followed up with, *Surviving the Great Depression of 1990*. The 1987 crash was history now, and the share market was back in full swing.

How can Enron lose? Fortune magazine voted Enron "America's Most Innovative Company" for six consecutive years from 1996 to 2001. Innovation was one word for it. Scandal is a better word for it. The stock tumbled from \$90 a share on 23 August 2000, to 6.2 cents on 31 December 2001. Yet as late as September 2001, 16 analysts had buy ratings on Enron. Among Wall Street analysts at the time, "there were no sell ratings," according to Theodore F. Sterling's book *The Enron Scandal*.

Location. Location. Location. In the USA, David Lereah the former chief economist of the National Association of Realtors, published a book called *Why the Real Estate Boom Will Not Bust -- And How You Can Profit From It* early in 2006. One Amazon book reviewer suggested some more titles for the author:

- *Gold Is the New Black - Why Precious Metals Will Never Go Down*
- *Oceanfront Property in Arizona - Invest Now to Retirement Riches*
- *How to Lock Yourself in a Burning Barn After the Horses Have Bolted*

More Boom than Gloom. Marc Faber is editor of the Gloom, Boom & Doom Report, and is well known for his pessimism. On 8 November 2012, he bluntly told Bloomberg Business, that the market would fall at least 50 percent after President Obama's re-election, describing the President as a disaster for business. In the next nine months, the S&P 500 shot up by 20 percent.

“Our portfolios survived the Global Financial Crisis due to the basic premise of not putting all your eggs in one basket.”

As advisers, we cannot predict with any certainty what is going to happen in the markets. That is why we don't take big bets on any given sector, market, or economy. Our portfolios are fully diversified and from time to time we rebalance to accommodate sectors that have become overweight or underweight.

Christmas greetings from our team

Clients arriving at our new office have noticed that we have expanded slightly. And no, we're not referring to the seasonal effects of too much Christmas pudding. There are now eight of us working at Stuart Carlyon. We're a diverse group variously into motorcycling journeys, travel, running marathons, designing interiors and raising kids. What unites us is our shared love of assisting clients to enjoy a better, less worrisome life.



Susanna Stuart started off as a money market dealer before segueing into a career as a Financial Planner since 1986. "I love working with clients by providing advice that will better their lives and their financial well-being." Susanna enjoys walking and art and her most recent trip to Italy with her partner saw her trekking on mule tracks in Amalfi and soaking up art in Rome, Florence and Venice.

Deborah Carlyon has been a Financial Planner for 30 years helping people navigate toward their financial and lifestyle goals. "I love art, gardening and designing home interiors. After 7 years in rural Puhoi, we have just built a new house in central Auckland which has

employed all those interests. Now that we've moved in, I will have time for walking and spending more time with family."

Mark Patton joined us as a Financial Planner after a long career in financial services and banking. For him, financial planning is a particularly personal profession and very rewarding because each client has a unique set of circumstances and aspirations. "Outside work I enjoy family time with my wife and our two children at university and I take on marathons -and social tennis - to keep fit."

Donna McIntosh has been with us since 2005 around the time our company started and had worked with Deborah & Susanna at PricewaterhouseCoopers. She manages our office and is the person who primarily meets and greets you and loves a chat with all our clients. Donna lives for the outdoors and you will catch her doing motorcycle recces, tramping, wakeboarding and mountain biking.

Shahul Dhoray is our Senior Paraplanner, so he does a lot of the work that goes into Financial Plans. As a CFA Charterholder, he also looks after the research we do on investments. "I like working here because it's not just about investments - we try to consider as many aspects as we can about clients' situations to ensure they meet their goals". He has a young family with a lovely wife and a joyful 3-year-old son.

Priscilla Chellemben is from Mauritius, (that's why she has a French accent!) and moved to New Zealand last year with her husband. She is working alongside Susanna Stuart as an Adviser Associate. "It has been an amazing experience so far being part of the Stuart Carlyon team as everyone is friendly and willing to help."

Leena D'souza is the firm's most recent recruit, and works as an Adviser Associate alongside Deborah Carlyon. She has worked in financial services for the last 16 years and above all really enjoys dealing with clients. Born in India, New Zealand has been home to Leena and her partner and 18 year old son since 2001.

Kara Chandler is our part-time administrator with a role that is multi-faceted. She thrives on learning new skills with financial planning. "I am methodical by nature and I have enjoyed implementing many of the compliance changes that are required." She has a very full life, with her husband, and two children, aged 13 and 11.

Our office will close on 22nd December and there will be a skeleton team on deck from 8th January until the 15th January.

We wish you and your loved ones a relaxing break.

Keep safe!

